

STATE OF SOUTH CAROLINA

(Caption of Case)

Application of Hotwire Communications, Ltd. for a
Certificate of Public Convenience and Necessity to
Provide Local Exchange and Interexchange
Telecommunications Services Throughout South
Carolina

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET
NUMBER: 2007 - 341 - C

(Please type or print)

Submitted by: John J. Pringle, Jr.

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DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition

☐ Request for item to be placed on Commission's Agenda
expeditiously

☐ Other:

INDUSTRY (Check one)

- ☐ Electric
☐ Electric/Gas
☐ Electric/Telecommunications
☐ Electric/Water
☐ Electric/Water/Telecom.
☐ Electric/Water/Sewer
☐ Gas
☐ Railroad
☐ Sewer
☒ Telecommunications
☐ Transportation
☐ Water
☐ Water/Sewer
☐ Administrative Matter
☐ Other: _____

NATURE OF ACTION (Check all that apply)

- | | | |
|--|--|--|
| <input type="checkbox"/> Affidavit | <input type="checkbox"/> Letter | <input type="checkbox"/> Request |
| <input type="checkbox"/> Agreement | <input type="checkbox"/> Memorandum | <input type="checkbox"/> Request for Certification |
| <input type="checkbox"/> Answer | <input type="checkbox"/> Motion | <input type="checkbox"/> Request for Investigation |
| <input type="checkbox"/> Appellate Review | <input type="checkbox"/> Objection | <input type="checkbox"/> Resale Agreement |
| <input type="checkbox"/> Application | <input type="checkbox"/> Petition | <input type="checkbox"/> Resale Amendment |
| <input type="checkbox"/> Brief | <input type="checkbox"/> Petition for Reconsideration | <input type="checkbox"/> Reservation Letter |
| <input type="checkbox"/> Certificate | <input type="checkbox"/> Petition for Rulemaking | <input type="checkbox"/> Response |
| <input type="checkbox"/> Comments | <input type="checkbox"/> Petition for Rule to Show Cause | <input type="checkbox"/> Response to Discovery |
| <input type="checkbox"/> Complaint | <input type="checkbox"/> Petition to Intervene | <input type="checkbox"/> Return to Petition |
| <input type="checkbox"/> Consent Order | <input type="checkbox"/> Petition to Intervene Out of Time | <input type="checkbox"/> Stipulation |
| <input type="checkbox"/> Discovery | <input checked="" type="checkbox"/> Prefiled Testimony | <input type="checkbox"/> Subpoena |
| <input type="checkbox"/> Exhibit | <input type="checkbox"/> Promotion | <input type="checkbox"/> Tariff |
| <input type="checkbox"/> Expedited Consideration | <input type="checkbox"/> Proposed Order | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Interconnection Agreement | <input type="checkbox"/> Protest | |
| <input type="checkbox"/> Interconnection Amendment | <input type="checkbox"/> Publisher's Affidavit | |
| <input type="checkbox"/> Late-Filed Exhibit | <input type="checkbox"/> Report | |

Print Form

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ELLIS:LAWHORNE

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October 26, 2007

FILED ELECTRONICALLY AND ORIGINAL VIA HAND-DELIVERY

The Honorable Charles L.A. Terreni
Chief Clerk
South Carolina Public Service Commission
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Application of Hotwire Communications, Ltd. for a Certificate of Public Convenience and Necessity to Provide Resold and Facilities-Based Local Exchange and Interexchange Telecommunications Services in the State of South Carolina and For Flexible Regulation
Docket No. 2007-341-C, Our File No. 1295-11425

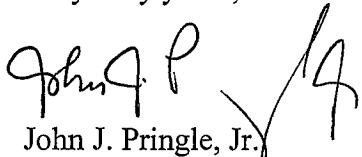
Dear Mr. Terreni:

Enclosed is the original and one (1) copy of the **Testimony of Adam B. Weinstein** filed on behalf of Hotwire Communications, LLC in the above-referenced docket.

Please acknowledge your receipt of this document by file-stamping the copy of this letter enclosed, and returning it in the enclosed envelope.

If you have any questions or need additional information, please do not hesitate to contact me.

Very truly yours,


John J. Pringle, Jr.

JJP/cr

cc: all parties of record
Adam B. Weinstein, Esquire
Harry N. Malone/Danielle C. Burt, Esquire
Enclosures

THIS DOCUMENT IS AN EXACT DUPLICATE OF THE E-FILED COPY SUBMITTED TO THE COMMISSION IN ACCORDANCE WITH ITS ELECTRONIC FILING INSTRUCTIONS.

**BEFORE THE SOUTH CAROLINA
PUBLIC SERVICE COMMISSION
DOCKET NO. 2007-341-C**

In the Matter of the Application of

Hotwire Communications, Ltd.

To Provide Facilities-Based Local Exchange and
Interexchange Telecommunications Services
Throughout South Carolina

**DIRECT TESTIMONY OF
ADAM B. WEINSTEIN**

Q. Please state your full name, business address, and position.

A. My name is Adam Weinstein. My business address is Hotwire Communications, Ltd.
("Hotwire" or "Applicant"), 300 East Lancaster Avenue, Suite 208, Wynnewood,
Pennsylvania 19096-2142. I am General Counsel of the company.

Q. Please describe your professional experience and background.

A. I joined Hotwire in 2005. As General Counsel, I am responsible for the Applicant's
litigation, transactional, and regulatory legal work. I have been practicing law since 1989
and am licensed in Pennsylvania, New York, Colorado, Montana, and the Federal District
Court for the Eastern District of Pennsylvania. Before coming to Hotwire, I acted as a
Legal Consultant and Project Manager for various law firms and small to mid-sized
businesses in Pennsylvania, New Jersey and Delaware, serving as lead and/or managing
attorney in transactional, criminal and civil litigation matters. I was also a litigation
Partner at the international law firm of Cozen O'Connor, and Assistant Vice President
and Associate Counsel with New York Life Insurance Company, and a Major Trial
Attorney with the Defender Association of Philadelphia. I received my Law Degree,

1 with honors, from the Temple University School of Law and my Bachelors Degree, with
2 honors, from the University of Delaware. I also hold a Masters Degree, with honors, in
3 Secondary Education from Temple University and am a licensed secondary education
4 school teacher in the Commonwealth of Pennsylvania.

5 **Q. What is the purpose of your testimony in this proceeding?**

6 **A.** The purpose of my testimony is to describe the resold and facilities-based services that
7 Hotwire proposes to offer in South Carolina and to review issues related to Hotwire's
8 request for a license to provide such services. My testimony specifically relates to
9 Hotwire's managerial, financial, and technical competence to provide the
10 telecommunications services for which authority is requested, and its compliance with the
11 rules and policies of this Commission. I would like to incorporate by reference Hotwire's
12 Application and exhibits previously filed with the Commission.

13 **Q. Please describe the authority that Hotwire seeks from the Commission.**

14 **A.** Hotwire seeks to offer all forms of resold and facilities-based interexchange and local
15 exchange telecommunications services throughout the State of South Carolina.

16 **Q. Please describe the corporate structure of Hotwire.**

17 **A.** Hotwire is a limited partnership organized under the laws of the Commonwealth of
18 Pennsylvania.

19 **Q. Does Hotwire possess the requisite managerial, financial, and technical abilities to**
20 **provide the services for which it has applied for authority?**

21 **A.** Yes.

22 **Q. Please describe Hotwire's managerial and technical qualifications.**

1 A. Hotwire is technically and managerially qualified to operate and manage its proposed
2 telecommunications operations in South Carolina. Michael Karp, the owner of Hotwire,
3 has over 20 years of experience in the telecommunications industry. In 1985, Karp's
4 company, University City Housing Company, founded ATX Telecommunications, a
5 provider of business communications services. Fifteen (15) years later, Karp sold ATX.
6 At the time the company was sold in 2000, ATX had revenues of \$150 million per year
7 and 700 employees with no debt. After the sale of ATX, Karp started Hotwire
8 Communications to provide telecommunications as well as cable television and related
9 services to residential users primarily located in multi-dwelling unit complexes. In
10 addition to Karp's wealth of experience, the senior management personnel of Hotwire
11 have extensive experience in the provision of telecommunications services and are
12 highly-qualified to ensure that Applicant's technical operations will meet the most
13 demanding standards for service quality and reliability. Hotwire is currently authorized to
14 provide telecommunications services in the states of Pennsylvania, Florida, New Jersey
15 and New York. Hotwire has not been denied requested certification in any jurisdiction.
16 Descriptions of the telecommunications and managerial experience of Hotwire's key
17 personnel, who have extensive management, financial, and technical experience, are
18 provided to the Commission with the Application as Exhibit 3. In addition to those
19 managers listed in Exhibit 3, Hotwire currently employs more than 160 employees in
20 multiple office locations. Of these, the company employs a project management team
21 with more than one hundred twenty (120) years of combined project management
22 experience in the fields of commercial construction, electrical system and plant design
23 and installation, and telecommunications. Hotwire also employs a staff of highly

1 qualified engineers and technicians specializing in infrastructure management, broadband
2 engineering, the design and installation of fiber, cable and voice network systems, Voice
3 Over the Internet and Internet Protocol Television technologies, and Head-End and
4 Network engineering and Quality Assurance. In addition to these skilled professionals,
5 Hotwire employs a customer service and technical support staff with many decades of
6 combined experience in the telecommunications field.

7 **Q. Please describe Hotwire's financial qualifications.**

8 **A.** As explained in its Application, Hotwire possesses the financial qualifications necessary
9 to conduct its telecommunications operations. Hotwire will rely upon the financial
10 resources of its ultimate owner, Michael Karp, who is committed to funding Hotwire
11 indefinitely as it provides its telecommunications services in the State of South Carolina.
12 Hotwire, through its financing by Karp, has sufficient capital to commence operations in
13 the State of South Carolina, and the company has access to additional capital financing as
14 may be needed to support future growth. Financial statements of Hotwire's ultimate
15 owner and demonstrating Hotwire's financial capability to offer the proposed services are
16 submitted as Exhibit 4 of its Application.

17 **Q. Please describe the types of services that Hotwire will offer in South Carolina.**

18 **A.** Hotwire intends to provide facilities-based and resold local exchange and facilities-based
19 and resold interexchange telecommunications services in South Carolina. Applicant
20 plans to offer both local exchange and interexchange services primarily to residential
21 customers located in the State of South Carolina through a combination of its own
22 facilities and facilities leased from BellSouth. In particular, Hotwire intends to offer full-

1 feature communication services to multi-dwelling unit (“MDU”) buildings, condominium
2 and homeowner associations and student housing.

3 **Q. What facilities will Hotwire use to provide its proposed services?**

4 **A.** Hotwire’s telecommunications services in the State of South Carolina will initially be
5 provided through the resale of the facilities of other certificated carriers. Hotwire will
6 deploy its own facilities in South Carolina as business and market conditions warrant.
7 In other states Hotwire has either purchased or built fiber optic facilities to bring state of
8 the art services to residents. Pending Hotwire’s ability to execute contracts with parties
9 interested in these services in South Carolina and the successful negotiation of contracts
10 that would materially support deployment of these services, Hotwire would build or lease
11 fiber optic networks in South Carolina.

12 **Q. Does Hotwire intend to offer prepaid debit card services in South Carolina?**

13 **A.** Not at this time. Hotwire is aware of the Commission’s \$5,000 bond or certificate of
14 deposit requirement associated with prepaid debit card services, and will file such an
15 instrument with the Commission should Hotwire decide to offer these services in the
16 future.

17 **Q. What geographic areas will Hotwire serve?**

18 **A.** Hotwire seeks authority to provide service throughout the State of South Carolina.

19 **Q. Please provide the name, address and telephone number of the person that will**
20 **serve as your company’s contact to the Consumer Service Division of the Office of**
21 **Regulatory Staff (“ORS”) for complaint resolution.**

22 **A.** For complaint resolution, please contact: Adam B. Weinstein, General Counsel,
23 (Telephone (484) 572-6047) or Matt Holcombe, Vice President of Operations,

(Telephone (484) 572-6006), 300 East Lancaster Avenue, Suite 208, Wynnewood, Pennsylvania 19096-2142, Fax (610) 642-9812.

Q. If authorized to provide competitive telecommunications services, will Hotwire abide by the rules, regulations, policies and orders of this Commission, and the laws of the State of South Carolina, as now adopted or that may be adopted in the future, in its provision of competitive intrastate telecommunications services?

A. Yes. Hotwire commits to abide by all rules and regulations applicable to Hotwire. Hotwire also agrees to abide by all 911 requirements in effect at such time as Hotwire begins to provide local exchange services.

Q. How will Hotwire guard against slamming?

A. Hotwire will prevent unauthorized switching of customers by obtaining a signed letter of authorization ("LOA"), or similar authorization, from all new customers. Hotwire will comply with South Carolina law and Federal Communications Commission ("FCC") regulations regarding how carriers may change a customer's Primary Interexchange Carrier.

Q. How will Hotwire market its services?

A. Hotwire will market its services through mail campaigns, as well as through on-site promotions, networking and other advertising media.

Q. How will Hotwire bill for its services?

A. Hotwire will bill customers directly for the services it provides its customers.

Q. How will Hotwire handle service, billing and repair complaints?

A. Hotwire has a toll-free number, 1 (800) 355-5668, that customers may call to register service, billing and repair complaints. Hotwire views customer satisfaction as critical to

1 its success in the competitive marketplace and will address all services, billing, and repair
2 complaints and inquiries promptly. If Hotwire is unable to resolve a billing complaint to
3 a customer's satisfaction, Hotwire will advise the customer of its right to file a complaint
4 with the ORS.

5 **Q. Will Hotwire comply with all applicable Commission service rules and billing**
6 **standards?**

7 **A.** Yes.

8 **Q. What type of regulatory treatment has Hotwire sought in this Docket?**

9 **A.** Applicant requests that Hotwire's interexchange services be subject to alternative
10 regulation, pursuant to South Carolina Code § 58-9-585 (Supp. 1999), as was first
11 granted by the Commission in Order Nos. 95-1734 and 96-55 issued in Docket No. 95-
12 661-C, and as modified in Docket No. 2000-407-C. Applicant also requests flexible
13 regulation for its local exchange telecommunications services as the Commission first
14 granted in Order No. 98-165 in Docket No. 97-467-C.

15 **Q. Does Hotwire have offices in South Carolina?**

16 **A.** No. Hotwire does not intend to have offices in South Carolina at this time. Accordingly,
17 Hotwire requests, pursuant to Rule 103-610, that the Commission allow it to keep all
18 applicable books and records at its offices in Pennsylvania. In the event that the
19 Commission or ORS should desire to inspect such books and records, Hotwire will
20 provide access expeditiously at its own expense.

21 **Q. Does Hotwire intend to publish telephone directories or file an operating area map**
22 **with the Commission?**

1 **A.** No. Accordingly, Hotwire requests a waiver of Commission Rule 103-631 requiring the
2 publication of directories. Because Hotwire will operate within the existing service areas
3 of the existing incumbent local exchange carriers (“ILECs”), Hotwire requests that it not
4 be required to create and file any such operating area map.

5 **Q.** **By what method will Hotwire keep its financial records?**

6 **A.** Hotwire uses Generally Accepted Accounting Principles (“GAAP”). To the extent that
7 the Commission’s Rules require the use of the Uniform System of Accounts (“USOA”),
8 Hotwire requests a waiver in order that GAAP be allowed.

9 **Q.** **Please describe the public interest benefits associated with Hotwire’s proposed**
10 **offering of telecommunications services in South Carolina.**

11 **A.** Grant of this Application will further the public interest by expanding the availability of
12 competitive telecommunications services in the State of South Carolina. Competitive
13 provision of these services is in the public interest because the services will provide
14 South Carolina customers with access to new technologies and service choices and can
15 permit customers to achieve increased efficiencies and cost savings. Hotwire’s entry into
16 the intrastate telecommunications services market thereby will enhance materially the
17 telecommunications infrastructure in the State of South Carolina and will facilitate
18 economic development. In particular, the public will benefit both directly, through the
19 use of the competitive services to be offered by Hotwire, and indirectly because the
20 presence of Hotwire in this market will increase the incentives for other
21 telecommunications providers to operate more efficiently, offer more innovative services,
22 reduce their prices, and improve their quality of service. Grant of the Application will

1 enhance further the service options available to South Carolina citizens for the reasons set
2 forth above.

3 **Q. Does this conclude your testimony?**

4 **A. Yes, it does.**

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2007-341-C**

IN RE:

Application of Hotwire
Communications, Ltd. for a Certificate
of Public Convenience and Necessity to
Provide Resold and Facilities-Based
Local Exchange and Interexchange
Telecommunications Services in the
State of South Carolina and For Flexible
and Alternative Regulation

CERTIFICATE OF SERVICE

This is to certify that I have caused to be served this day, one (1) copy of the **Testimony of Adam B. Weinstein** via electronic mail service and by placing a copy of same in the care and custody of the United States Postal Service (unless otherwise specified), with proper first-class postage affixed hereto and addressed as follows:

Florence P. Belser, Esquire
Office of Regulatory Staff
Legal Department
PO Box 11263
Columbia SC 29211

Margaret Fox, Esquire
McNair Law Firm, PA
PO Box 11390
Columbia SC 29211



Carol Roof
Paralegal

October 26, 2007
Columbia, South Carolina